



BUDGET COMMITTEE



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**Senator Gregg's Senate Floor Remarks
on Override of the President's Veto of the Farm Bill
May 22, 2008
(unofficial transcript)**

Mr. President, we're here today to vote on the override of some portion of the Farm Bill, which the President has vetoed. First, there's the great irony that the bill which we're voting on isn't the bill that passed the Senate or the bill that passed the House but is some element of that bill -- other parts of the bill not having made it to the President. And that sort of becomes an allegory for this entire exercise.

This is a bill, a Farm Bill, that really doesn't do the job it should do, is incomplete in the sense that it fails the American taxpayer and the American consumer, and is misguided in that it grossly spends a great deal of money in perverting the marketplace relative to the production of agricultural products in this country.

But we're here because of what was a bureaucratic snafu, I presume. We all know that the President's veto is going to be overridden. But the President was right to veto this bill. He was absolutely right to veto this bill.

I said earlier, and I know my colleagues take this in the sense I make it, not a personal way, this bill truly is a product of the old politics, the old approach we saw years ago in countries which thought we could have a top-down management of their farm production system. I said in my earlier talk, where did all the economists who worked in the Soviet Union go? All the folks who sat behind desks and thought of five-year plans and how to disconnect supply from demand and how to set arbitrary prices that caused the Soviet Union, a nation that was a great producer of agriculture products, to become, basically, a net importer of product. Where did all the economists go when the Soviet Union failed?

It appears they moved to the South and the Midwest to develop our farm programs, because they have no relation to the market. We are setting prices which are basically totally out of tune with the market. They have no relationship to market forces and as a result, the American consumer ends up with a much higher bill and the short end of the stick.

Take sugar alone. Sugar prices set in this bill are about twice as much the world price for sugar. So the American consumer ends up getting hit for a much higher cost for any product that uses sugar, and just about any food of any complexity uses sugar.

In addition, of course, you've got the huge effort to subsidize ethanol, which has driven up dramatically the price of corn and has the effect, basically, of creating an international incident in the area of food availability. We are hearing from numerous countries around the world who are finding they have shortages of other commodities because of the American subsidization of ethanol and its impact on the production of corn. That's inappropriate. The policy of this bill is not only an attack on the American consumer, it is basically bad policy for the world population that is just trying to make it through and avoid hunger.

In addition, this bill sets up all sorts of new programs, programs which make no sense on their face or which are in here because they have somebody who is protecting their initiatives, their ideas, their purposes. We have a new program for asparagus, a new program for chickpeas, an initiative for the national sheep and goat industry, a new program that creates a stress-management network for farmers.

Then, according to the *Washington Post* -- and I wasn't aware of this -- there is potential for a \$16 billion boondoggle for agricultural products because of the new way the prices are set and payments are made. Setting prices at the present high level, setting subsidy rates at the present high level under a new program called "ACRE." I ask unanimous consent to submit for the record the editorial today in the *Washington Post* which does a better job than I can do of explaining how outrageous this new subsidy is and how much it will cost the American consumer -- \$16 billion.

So this bill has got a lot of substantive problems. It probably will aggravate food consumption for nations around the world and their ability to produce products, and certainly dramatically increase the cost of products in the United States. It perverts the marketplace so a product that could be produced more efficiently won't be. And it spends a heck of a lot of money -- \$289 billion.

And, as we have seen, once again, it uses all sorts of budget gimmicks when it was originally passed -- and it will have to be re-passed, or parts of it will because of the bureaucratic snafu -- all sorts of games to get out of the rules of the Senate and the rules of the House, for that matter, in the area of trying to discipline our spending around here: \$18 billion worth of budget gimmicks.

And we just had a new budget avoidance exercise when the Chairman of the Budget Committee declared that the baseline has already been adjusted to account for the adoption of the Farm Bill. When we vote on the Farm Bill again, it will have no score and will not violate any points of order. So another exercise in gaming the Pay-Go rules. The Budget Chairman has the right to do that, but it cannot be denied that it is an unfortunate effort to get around Pay-Go rules that should be applied under the budget we will pass the week after next.

So \$18 billion worth of budget gimmicks. Some of the worst is the changing of years and the assumption that some program we know will continue to an arbitrary date so you can spend the money and claim there's no budget failure here. And then later on, adjust it, put the program back in place and avoid the budget Pay-Go rules. Really inappropriate, to say the least. At least in the way it has been handled.

It is, of course, a bill that comes to this floor every four or five years. What the problem is, every four or five years the American consumer gets, basically, hit in the head by this bill. Last time I spoke I said they get hit in the head by a lamb chop and I ended up with a black eye the next day,

so I wanted to stay away from that statement, but the fact is, the American consumer is not doing well and the American taxpayer is doing worse.

There is a claim that there is reform in this bill, which is specious on its face, considering all the new programs added to this bill, like asparagus. One reform they claim is they will not pay outrageous subsidies to farmers who have high incomes. Today you can have \$2.5 million of income theoretically and still get subsidies. Well, unfortunately, the way the bill is structured, they say they reduced that income level, but that's not the way it works. Under this bill, a person with \$500,000 of non-farm income and \$750,000 can still get the subsidy and their spouse can get the same amount so they, basically, get approximately the same amount of subsidy.

Yet there's an allegation that this is a major reform. It's not reform but an attempt to obfuscate the fact the subsidies go to extremely wealthy people on products that should compete in the marketplace and not be subsidized in the manner this bill subsidizes them.

Obviously, we're going to lose this vote because the way the Farm Bill is put together and I think the American people should know this. The way the Farm Bill is put together, one commodity goes to the next commodity and says we will vote for your commodity even though it is in your state, as long as you vote for my commodity which is in my state and not yours. So you go around the country and pick up commodities.

That is why asparagus is here. Someone in the asparagus district said if you cover asparagus you get my vote for the other subsidies. That's how it works. It is called "log-rolling," a term from the 1800s. But it is not a healthy way to legislate. And it certainly takes the concept of using the market completely out of the exercise of developing a Farm Bill.

So this Farm Bill runs counter to all the concepts which we as a free market society hold to be true and effective ways to use products, to make it more cost-effective. Adam Smith was right. Karl Marx was wrong. Under this bill you would think it was the other way around. This is a 'top-down, let's manage the economy, and set arbitrary prices with no relationship to productivity, production, or supply and demand' approach instead of going to a market where you use supply and demand to determine what will be produced.

I suppose if Patrick Henry were around today, his famous statement would have to be modified - he would have to say "give me asparagus or give me death." That's what this bill has come down to. We either get the farm subsidies and roll the consumers and the taxpayers or we don't get anything around here. So as a practical matter, I obviously know I will lose this vote.

The President knew he was going to lose this vote when he vetoed the bill. But he was absolutely right in his decision. It was the appropriate decision. It was the fiscally responsible decision. And it was also a good decision for not only domestic policy but international policy, where we see such strains on the production of commodities for the purposes of feeding people.

I regret we're going down this path one more time. We've been down it a few times in the past. But the simple fact is that the forces that support things like the sugar subsidies are too strong to be able to give the taxpayers a break.

I reserve the remainder of my time. I yield the floor.

Today's Washington Post editorial that Sen. Gregg submitted for the Record:

Pasture of Plenty

You thought you knew how bad the farm bill was.

Thursday, May 22, 2008; A24

"LIFE IS LIKE a box of chocolates," Forrest Gump's mother used to say. "You never know what you're going to get." The same could be said of federal agricultural legislation. Arcane and often irrational, its subsidy provisions can be difficult to understand and, sometimes, even difficult to identify. Even after Congress passed a subsidy-riddled 673-page farm bill last week, with a price tag conservatively set at \$289 billion, it was not entirely clear just how big a burden lawmakers had imposed on taxpayers. Now, however, the fine print is coming into focus, and -- surprise! -- the bill could authorize up to \$16 billion more in crop subsidies than previously projected, according to the Agriculture Department.

The culprit is a new program called Average Crop Revenue Election, or ACRE for short. ACRE gives farmers an alternative to direct payments, which come regardless of how much money they make, and other subsidies. Starting in 2009, farmers can choose to trade in some of their traditional subsidies in return for a government promise to make up 90 percent of the difference between what they actually made from farming and their usual income. In principle, this provides farmers a federal safety net only in those years when prices or yields fall drastically -- that is, when they really need one. Congress added the optional ACRE program to the bill as a sop to reformers who, sensibly, wanted to replace the current subsidy system with a simpler insurance-style program. Such a wholesale change would, indeed, have been a real reform. But since the farm bill continued direct payments and other old-style subsidies, no one expected huge numbers of farmers to volunteer for the new ACRE deal.

Then farmers got a look at the bill's formula for determining benefits under ACRE. It pegs the subsidies to current, record-high prices for grain, meaning farmers would get paid if prices fall back to their historical and, for farmers, perfectly profitable norms. A program that started out as a streamlined insurance policy against extraordinary hardship has mutated into a possible guarantee of extraordinary prosperity. Small wonder that, as The Post's Dan Morgan reports, a farming blog is urging farmers to sign up for ACRE, which it describes as "lucrative beyond expectations."

The farm bill's defenders insist that a budgetary disaster will not come to pass, because grain prices will not come down much during the five years the bill will be in effect. "The program does not look excessively expensive for the lifetime of the farm bill," said Rep. Robert W. Goodlatte (Va.), the ranking Republican on the House Agriculture Committee. In other words, even if they don't have to pay extra for ACRE, Americans will have to pay higher food prices -- so they may as well get used to it. None of the legislators who rushed to override President Bush's veto of the bill yesterday will have the decency to blush the next time they pontificate about fiscal responsibility. But we can only wonder what other expensive surprises still lurk within this profoundly wasteful legislation.